

Message Text

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AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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LIMDIS

E. O. 11652: GDS

TAGS: PFOR

SUBJECT: CSCE - STOESSEL- VORONTSOV CONVERSATION ON MPT
DEVELOPMENTS

FOLLOWING TEL SENT NATO INFO BONN LONDON PARIS ROME
THE HAGUE BRUSSELS COPENHAGEN OSLO MOSCOW HELSINKI
VIENNA FROM SECSTATE 24 APRIL REPEATED

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DEVELOPMENTS

SECRET

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HELSINKI FOR MPT DEL

VIENNA FOR MBFR DEL

1. SOVIET MINISTER COUNSELOR VORONTSOV CALLED ON

ASSISTANT SECRETARY STOESEL APRIL 17 TO URGE THAT TWO GOVERNMENTS COLLABORATE MORE CLOSELY TO QUICKEN THE PACE OF MPT DISCUSSIONS. READING FROM HIS INSTRUCTIONS,

VORONTSOV EMPHASIZED IMPORTANCE SOVIETS ATTACH TO COMPLETING MPT DISCUSSIONS IN TIME FOR CSCE TO CONVEY BY END OF JUNE. MOSCOW IS CONCERNED AT SLACKNESS OF HELSINKI PROCEEDINGS AND THE PROTRACTED DISCUSSIONS THERE. WORK AT HELSINKI COULD AND SHOULD MOVE AHEAD MUCH FASTER.

2. THE USSR, VORONTSOV CONTINUED, HAS DONE ITS PART. FOR EXAMPLE, THE SOVIET DELEGATION HAD AGREED TO A SATISFACTORILY WORDED TEXT ON CBM'S, WHICH WOULD LIMIT THOSE MEASURES TO ADVANCED NOTIFICATION OF MANEUVERS AND THE EXCHANGE OF OBSERVERS AT MANEUVERS. US- SOVIET

EXPERTS SHOULD WORK CLOSELY TOGETHER ON THIS MATTER. COMMENT: VORONTSOV AND AGENCIES WORKING IN THE NARCOTICS FIELD, INCLUDING THE U. S. OBTAINING THE BUREAUCRATIC APPROVAL TO MOVE AHEAD WITH A PRE- EMPTIVE PURCHASE WOULD BE EXTREMELY DIFFICULT IN THE FACE OF THESE FORMIDABLE ADVERSARIES TO THE IDEA.

4. QUOTE - ROLPH, HOWEVER, HAS A NUMBER OF GOOD POINTS. ENFORCEMENT STOPS, AT A ROUGH ESTIMATE, 10-20 PERCENT OF ALL ILLICIT TRAFFIC IN A GOOD YEAR. THE INCREASE IN ENFORCEMENT EFFORTS WILL NEVER BE SUFFICIENT TO HALT THE MAJORITY OF OPIATES LEAVING THE AREA INTO THE INTERNATIONAL MARKET. THE CROP SUBSTITUTION EFFORT HAS BARELY GOTTEN UNDERWAY IN THAILAND AND LAOS, AND IS VERY LIMITED IN BURMA, WHERE A MAJOR PART OF THE EFFORT WOULD BE CONCENTRATED. PRE- EMPTIVE BUYING, BECAUSE IT INITIALLY INVOLVES THE MINIMUM AMOUNT OF DISLOCATION AT THE GROWING AREAS, WOULD HIT DIRECTLY AT THE PROBLEM WITHOUT CAUSING HARDSHIP TO THE FARMERS, WHO BENEFIT RELATIVELY LITTLE FROM THE OPIUM TRADE. THERE IS ALSO THE REAL POSSIBILITY THAT THERE ARE BASIC LIMITATIONS ON THE AMOUNT OF OPIUM WHICH CAN BE PRODUCED IN THE GOLDEN TRIANGLE AREA WHICH COULD PLACE TOTAL PRODUCTION WITHIN THE REALM OF POSSIBILITY FOR SOME FORM OF PRE- EMPTIVE PURCHASE.

5. QUOTE - AT THE JANUARY 1973 WHOLESALE PRICE IN TACHILEK FOR RAW OPIUM OF APPROXIMATELY \$20 PER KILO, THE ESTIMATED 700 TONS OF RAW OPIUM PRODUCED ANNUALLY IN THE GOLDEN TRIANGLE AREA FOR THE ILLICIT MARKET WOULD COST \$14 MILLION. THE ADDED COST OF COMPETITIVE BIDDING FOR THE CROP, AS WELL AS THE INCREASE IN SUPPLY EITHER DUE TO INCREASED PLANNING OR DIVERSION FROM LOCAL USE THAT WOULD RESULT FROM " PRIMING THE PUMP" IN THIS MANNER, WOULD COST AT THE MOST AN ADDITIONAL \$6 MILLION, FOR A TOTAL OF \$20 MILLION PER YEAR. THIS WOULD BE THE COST OF REMOVING FROM THE WORLD MARKET MOST OF THE OPIUM NOW COMING FROM THE WORLD'S LARGEST SOURCE OF ILLICIT OPIUM.

6. QUOTE - THE CASE AGAINST PRE- EMPTIVE BUYS, THOUGH, IS A STRONG ONE. A PRE- EMPTIVE BUY WILL ONLY WORK WHERE THERE IS REASONABLE ECONOMIC, POLITICAL AND MILITARY CONTROL OVER AN AREA, TO PROHIBIT UNCONTROLLED TRADING FROM CONTINUING. IN AN AREA LIKE THE GOLDEN TRIANGLE, WHERE THERE IS NO CONTROL OVER THE PRIME PRODUCING AREAS

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EAST OF THE SALWEEN, THERE IS VERY LITTLE LIKELIHOOD THAT ALL OF THE AVAILABLE OPIUM WILL BE BROUGHT IN TO BE TURNED OVER TO GOVERNMENT AUTHORITIES. SIGNIFICANT AMOUNTS OF OPIUM WILL STILL FIND ITS WAY OUT THE BACK DOOR TO THE ILLICIT MARKET, WHERE PRICES WILL NO DOUBT BE MORE ATTRACTIVE. THE HEAVY DEMAND THAT NOW EXISTS IN THE OVERSEAS MARKETS WOULD TEND TO DRIVE UP THE PRE- EMPTIVE BUYING PRICE AS LONG AS THE ILLICIT DEMAND IS UNSATISFIED. UNLESS THE BUY IS CONDUCTED WITH OFFICIALS TRAVELLING FROM FARM TO FARM TO ACQUIRE THE OPIUM HARVEST, WE CAN EXPECT A SUBSTANTIAL AMOUNT TO BE DIVERTED FROM THE OFFICIAL SUPPLY.

7. QUOTE- ANOTHER SERIOUS CONSEQUENCE OF A PRE- EMPTIVE BUY IS THE EFFECT IT WOULD HAVE ON THE ARMS FOR OPIUM TRADE. MUCH OF THE OPIUM NOW BEING TRAFFICKED IN BURMA IS TRADED FOR BARTER AND NOT CASH, THE PRIMARY BARTER ITEMS BEING BLACK MARKET GOODS AND ARMS. PRE- EMPTIVE BUYING WOULD ASSURE A READY SUPPLY OF CASH OR CREDIT FOR PURCHASES OR TO FINANCE LOCAL INSURGENCIES, MAKING IT AN IMPOSSIBLE PROPOSITION FROM THE BURMESE POINT OF VIEW.

8. QUOTE - A PRE- EMPTIVE BUY WILL ONLY WORK IN THE BEST OF CONDITIONS, WHERE ALL ELEMENTS OF THE FORMULA CAN BE CONTROLLED TO A REASONABLE EXTENT. WE WOULD BE VULNERABLE TO CRITICISM TO EVEN SUGGEST THAT A PRE- EMPTIVE PURCHASE OF OPIUM WOULD WORK IN A SITUATION AS POLITICALLY, ECONOMICALLY AND MILITARILY UNSTABLE AS EXISTS IN THE GOLDEN TRIANGLE.

9. QUOTE - FINALLY, THE MOST TELLING ARGUMENT AGAINST A PRE- EMPTIVE BUY THAT IS FOCUSED ON SOUTHEAST ASIA IS THAT, EVEN IF IT TEMPORARILY TAKES OFF THE ILLICIT MARKET A SUBSTANTIAL AMOUNT OF OPIATES, OTHER OPIUM PRODUCING AREAS OF THE WORLD ARE STILL READY SUPPLIERS, AND PERHAPS NEW PRODUCTION AREAS WILL COME INTO BEING TO FILL THE VACUUM. UNLESS THE U. S. AND OTHER GOVERNMENTS ARE WILLING TO SPEND VASTLY GREATER SUMS THAN DISCUSSED HEREIN TO CONDUCT PRE- EMPTIVE PURCHASES AROUND THE WORLD, THE ONLY RESULT WILL BE THAT THE SCENE OF OPIUM PRODUCTION WILL TEMPORARILY SHIFT TO OTHER LOCATIONS. THE GOLDEN TRIANGLE CANNOT BE TREATED IN ISOLATION -- ONE LESSON WE HAVE LEARNED THUS FAR IS THE INTERRELATIONSHIP OF NARCOTICS PROBLEMS IN ALL PARTS OF THE WORLD, AND TO IGNORE THIS BASIC FACT WOULD BE A STEP BACKWARD FOR ALL CONCERNED.

10. QUOTE - OUR CONCLUSION THEN IS THAT GIVEN THE EXISTING STATE
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OF AFFAIRS IN BURMA, A PRE- EMPTIVE BUY IS NOT FEASIBLE. FURTHER, EVEN IF THE SITUATION CLEARS UP AT LEAST TO THE EXTENT NECESSARY TO PERMIT A GREATER DEGREE OF THAI- BURMESE COOPERATION, WE THINK THE

EXISTING FOCUS ON ENFORCEMENT AND CROP SUBSTITUTION, HOWEVER IMPER-
FECT, IS STILL PREFERABLE TO VENTURING TO PRE- EMPTIVE BUYING.
UNQUOTE- END OF TEXT OF PAPER. DEAN UNQUOTE ROGERS

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